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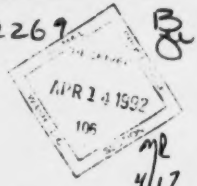

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Quarterly Report Under Section 13 or 15 (d)
of the Securities and Exchange Act of 1934

For the Quarter Ended February 29, 1992

Commission File Number 0-19001

MILLER DIVERSIFIED CORPORATION
(Exact Name of Registrant as Specified in its Charter)

Nevada	84-1070932
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

Mailing Address:
23360 Weld County Road 35
La Salle, Colorado 80645
(Address of Principal Executive Office)

(303) 284-5556
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ___

Number of shares of Common Stock, par value $.0001, outstanding on February 29, 1992, 4,154,799.

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PART I - FINANCIAL INFORMATION

MILLER DIVERSIFIED CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	February 29, 1992	August 31, 1991
ASSETS		
Current Assets:		
Cash	$ 888,331	$ 139,788
Certificate of deposit	200,000	200,000
Trade accounts receivable	640,634	640,482
Trade accounts receivable from affiliate	--	190,207
Income taxes receivable	4,921	--
Inventories	244,324	249,080
Feeder cattle	170,142	--
Prepaid expenses	47,401	27,053
Deposits on feeder cattle	29,450	48,750
Total Current Assets	2,225,203	1,495,360
Property, Plant and Equipment:		
Land	10,000	10,000
Buildings and improvements	80,000	80,000
Feedlot facilities under capital lease	2,135,522	2,135,522
Equipment	331,310	296,229
Equipment under capital lease	92,228	126,890
	2,649,060	2,648,641
Less: Accumulated depreciation and amortization	224,372	179,066
Total Property and Equipment	2,424,688	2,469,575
Other Assets:		
Deposits and other (net)	33,153	42,713
Total Other Assets	33,153	42,713
TOTAL ASSETS	$ 4,683,044	$ 4,007,648

Continued on next page.

MILLER DIVERSIFIED CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - Continued

	February 29, 1992	August 31, 1991
LIABILITIES		
Current Liabilities:		
Notes payable	$ 202,428	190,170
Accounts payable	492,910	515,604
Account payable to affiliate	43,179	22,399
Accrued expenses	14,832	11,197
Income taxes payable	--	46,994
Customer advance feed contracts	688,360	28,961
Current portion of long-term debt	4,234	7,079
Current portion of capital lease obligations	37,152	36,897
Total Current Liabilities	1,483,095	859,301
Long-Term Debt	25,666	28,766
Capital Lease Obligations	1,753,659	1,771,286
Deferred Income Taxes	4,604	653
Total Liabilities	3,267,024	2,660,006
COMMITMENTS and CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common Stock, par value $.0001 per share; authorized, 25,000,000 shares; issued 4,334,799 shares and outstanding 4,154,799 shares	433	433
Additional Paid-in Capital	915,232	915,232
Retained Earnings	612,855	544,477
	1,528,520	1,460,142
Less: Treasury stock, at cost	112,500	112,500
Total Stockholders' Equity	1,416,020	1,347,642
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 4,683,044	$ 4,007,648

See Accompanying Note to Unaudited Financial Statements.

MILLER DIVERSIFIED CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

Six Months Ended February 29, 1992 and February 28, 1991	1992	1991
Revenues:		
Feed and other sales	$ 4,806,250	$ 4,409,631
Feedlot services	897,699	1,104,081
Other	96,963	127,325
Total Revenues	5,800,912	5,641,037
Costs and Expenses:		
Cost of feed and other sales	4,409,644	4,101,683
Cost of feedlot services	638,455	875,032
Selling, general and administrative	543,705	532,888
Interest	113,261	59,334
Total Costs and Expenses	5,705,065	5,568,937
Earnings Before Income Taxes	95,847	72,100
Income Taxes	27,470	15,966
NET EARNINGS	$ 68,377	$ 56,134
EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE	$ .01	$ .01
Weighted Average Number of Common and Common Equivalent Shares Outstanding	4,723,424	4,184,799

See Accompanying Note to Unaudited Financial Statements.

MILLER DIVERSIFIED CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

Three Months Ended February 29, 1992 and February 28, 1991	1992	1991
Revenues:		
Feed and other sales	$ 2,336,048	$ 2,347,004
Feedlot services	436,442	664,639
Other	57,092	89,683
Total Revenues	2,829,582	3,101,326
Costs and Expenses:		
Cost of feed and other sales	2,156,914	2,191,769
Cost of feedlot services	343,541	513,064
Selling, general and administrative	268,838	299,192
Interest	56,126	44,128
Total Costs and Expenses	2,825,419	3,048,153
Earnings Before Income Taxes	4,163	53,173
Income Taxes	(4,153)	12,176
NET EARNINGS	$ 8,316	$ 40,997
EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE	$ nil	$ .01
Weighted Average Number of Common and Common Equivalent Shares Outstanding	4,756,595	4,184,799

See Accompanying Note to Unaudited Financial Statements.

MILLER DIVERSIFIED CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Six Months Ended February 29, 1992 and February 28, 1991	1992	1991
Cash Flows from Operating Activities		
Cash received from customers	$ 6,530,730	$ 5,631,958
Cash paid to suppliers and employees	(5,483,805)	(5,172,191)
Interest received	5,862	43,686
Interest paid	(115,802)	(61,898)
Income taxes paid	(75,434)	(30,136)
Net Cash Provided by Operating Activities	861,551	411,419
Cash Flows From Investing Activities:		
Acquisition of property and equipment	(35,081)	(27,073)
Receipts from sale of property and equipment	--	40,700
Receipts from sale of stock of loan servicing company	--	10,000
Receipt from escrow account	--	25,000
Acquisition of certificate of deposit	--	(200,000)
Collections on loans to affiliates	--	210,000
Net Cash Provided (Used) by Investing Activities	(35,081)	58,627
Cash Flows From Financing Activities:		
Proceeds from notes payable	1,833,000	2,721,000
Principal payments on notes payable	(1,820,742)	(2,784,570)
Principal payments on long-term obligations	(23,316)	(22,845)
Net increase in short-term cattle financing	(66,869)	(479,974)
Net Cash Provided (Used) by Financing Activities	(77,927)	(566,389)
Net Increase (Decrease) in Cash	748,543	(96,343)
Cash, Beginning of Period	139,788	300,986
Cash, End of Period	$ 888,331	$ 204,643

Continued on next page.

MILLER DIVERSIFIED CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Six Months Ended February 29, 1992 and February 28, 1991	1992	1991
Reconciliation of Net Earnings to Net Cash Provided (Used) by Operating Activities		
Net earnings	$ 68,377	$ 56,134
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Gains (net) on sales of property and equipment	--	(25,126)
Depreciation and amortization	83,263	41,798
Deferred income taxes	3,951	--
Changes in assets and liabilities net of short-term feedar cattle financing:		
(Increase) decrease in:		
Trade accounts receivable and accrued income	(113,925)	(99,144)
Trade accounts receivable from affiliate	190,207	--
Inventories	4,756	133,678
Prepaid expense	(20,348)	(27,592)
Deposits and other	6,266	(34,733)
Notes receivable from affiliates	--	(6,217)
Increase (decrease) in:		
Trade accounts payable and accrued expenses	10,741	187,972
Account payable to affiliate	20,780	34,733
Income taxes payable	(51,915)	(12,400)
Customer advance feed contracts	659,398	161,031
Net Cash Provided (Used) by Operating Activities	$ 861,551	$ 411,419
Supplemental Schedule of Non-cash Investing and Financing Activities:		
Long term obligations incurred for the lease of certain feedlot facilities	$ --	2,135,522
Notes receivable from affiliate offset against capital lease obligations	--	401,028
A fully amortized item of equipment acquired under a capital lease, with an original cost of $34,662 was removed from the equipment under capital lease and accumulated amortization accounts; the item was purchased for $1,823 and is included in acquisition of property and equipment above for the six months ended February 29, 1992	--	--

See Accompaning Note to Unaudited Financial Statements.

MILLER DIVERSIFIED CORPORATION AND SUBSIDIARIES

NOTE TO UNAUDITED FINANCIAL STATEMENTS

The consolidated balance sheets as of February 29, 1992, and August 31, 1991, the consolidated statements of earnings for the six and three months ended February 29, 1992, and February 28, 1991, and consolidated statements of cash flows for the six months ended February 29, 1992, and February 28, 1991, have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted as allowed by the rules and regulations of the Securities and Exchange Commission. In the preparation of the above described financial statements, all adjustments of a normal and recurring nature have been made. The Company believes that the accompanying unaudited financial statements contain all adjustments necessary to present fairly the results of operations and cash flows for the periods presented. Further, management believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these financial statements be read in conjunction with the annual financial statements and the notes thereto. The results of operations for the six and three months ended February 29, 1992, are not necessarily indicative of the results to be expected for the year.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

A summary of the net earnings by quarter for the six months ended February 29, 1992, compared to the same quarters the previous year is as follows:

	Six Months Ended February 29, 1992	February 28, 1991	Increase (Decrease)
First Quarter	$ 60,061	$ 15,137	$ 44,924
Second Quarter	8,338	40,997	(32,659)
Total	$ 68,399	$ 56,134	$ 12,265

A major factor that affects the Company's operating results is the average head numbers of cattle per day ("average head numbers") in the Company's feedlots because feed is sold and services are rendered to the owners. A summary of the average head numbers by quarter for the six months ended February 29, 1992, as compared to the same quarters the previous year is as follows:

	Six Months Ended February 29, 1992	February 28, 1991	Increase (Decrease)
First Quarter	20,754	18,774	1,980
Second Quarter	19,190	21,623	(2,433)
Combined	19,866	20,087	(221)

The increase in average head numbers for the first quarter primarily reflects increased marketing efforts. The decrease for the second quarter results principally from investors' reluctance to put cattle on feed due to high feeder cattle prices that are not offset by correspondingly higher prices for finished cattle in the future as indicated by the commodities futures market. In addition, in the fall of 1991 the Company placed about 1,200 calves with local farmer-feeders for certain customers that were placed in the Company's feedlots in February, 1992. A similar program was undertaken the previous year for 3,400 head. Therefore, some of the decreased average head numbers in the second quarter as compared to the previous year were due to the reduced fall calf program.

Although average head numbers were somewhat less for the six months ended February 29, 1992, as compared to the same period the previous year, feed and other sales, gross profit and the gross profit percentage was greater. Sales increased because the general price level of feed ingredients was higher for the six months ended February 29, 1992, than for the previous year. The increase in the gross profit of $89,000 and gross profit

percentage of 1.3% was mainly the result of selling proportionately more feed at regular mark up prices than at future contracted prices at a considerable lower markup. When customers future contract with the Company to purchase feed at set prices, the Company future contracts with its suppliers to purchase the feed at a break even or low mark up price.

Sales of feedlot services were about $206,000 less for the six months ended February 29, 1992, than for the same period the previous year somwhat as a result of the decrease in average head numbers, but is primarily the result of the decrease in the fall calf program. Sales for this program which are included in feedlot services, declined from $239,000 for the six months ended February 28, 1991, to $53,000 for the six months ended February 29, 1992, a decrease of $186,000. However, the gross profit increased $30,000 and the gross profit percentage increased 8.2% for the six months ended February 29, 1992, as compared to the same period the previous year. This improvement resulted partly from the execution of a long-term capital lease of the feedlot facilities in February 1991, (as explained below) whereby a major portion of lease payments previously recorded as rent expense (as part of the cost of feedlot services) is recorded as interest expense. The gross profit percentage increase is also the result of the decrease in the fall calf program which is undertaken at a virtual breakeven.

For the six months ended February 29, 1992, other revenues were about $43,000 less than for the comparable period a year earlier. The principal reason for this decrease is that for the six months ended February 28, 1991, there was a $25,000 gain from the sale of equipment for which there was no comparable amount for the six months ended February 29, 1992. In addition, interest income decreased about $17,000 because notes receivable were collected or offset to capital lease obligations.

In February, 1991, the Company executed a long-term lease with Miller Feed Lots, Inc. to lease its feedlot facilities over 25 years with an option to purchase the facilities for $2,500,000. The lease was accounted for as a capital lease. The lease requires minimum monthly payments of $17,000 which is the same as the Company had been paying to lease the facilities under a short-term operating lease. The expense of the capital lease is accounted for by amortizing the lease over 25 years and charging a portion of each lease payment to interest expense. A comparison of the expenses of leasing the feedlot facilities for the six months ended February 29, 1992, to the same period the prior year is as follows:

	Six Months Ended		
	February 29, 1992	February 28, 1991	Increase (Decrease)
Cost of Feedlot Services:			
Rent Expense	$ --	$ 85,000	$(85,000)
Amortization of Lease	42,708	7,118	35,590
Interest Expense	94,512	14,636	79,876
	$137,220	$106,754	$ 30,466

Interest expense was $54,000 more for the six months ended February 29, 1992, than for the same period the previous year primarily as a result of

the interest paid on the capital lease of feedlot facilities as shown above.

Liquidity and Capital Resources

The feeder cattle inventory of about $170,000 at February 29, 1992, compared to $0 at August 31, 1991, is a matter of timing. Cattle are purchased from time to time for customers and remain in inventory until the particular set or "Lot" of cattle is complete, which is usually a matter of days, and then they are sold to a customer. The deposits on feeder cattle outstanding on August 31, 1991, of about $49,000 were applied to the purchase price of the cattle at the time of their delivery to the Company's feedlots.

Customer advance feed contracts ("prepaid feed") were $688,000 at February 29, 1992, an increase of $659,000 from the balance at August 31, 1991. This increase results from the prepayment of feed by certain customers to fix prices of certain feed ingredients. This increase in receipts of "prepaid feed" also largely accounts for the $748,000 increase in cash from August 31, 1991, to February 29, 1992.

The Company has a revolving line of credit of $200,000 from a local bank that matures August 1, 1992, and bears interest at 1.5% over the prime rate (actual rate of 8% at February 29, 1992). The outstanding balance at February 29, 1992, was $51,000. Therefore, the Company had available unused credit of $149,000 under its line of credit that could be used to generate cash if needed. The Company has another note payable to the same bank due August 1, 1992, that is being amortized with monthly payments of $5,752 including principal and interest at 2% over the prime rate (actual rate of 8.5% at February 29, 1992). The oustanding balance of the amortized note on February 29, 1992, was $121,428. Both of the foregoing notes are secured by feed accounts receivable, feed inventories and equipment and are guaranteed by two officer/directors. Miller Feeders, Inc. (MFI) has a $300,000 revolving line of credit with the same local bank for the procurement of feeder cattle for resale to customers. The line matures on January 7, 1993, and bears interest at 1.5% over the prime rate (actual rate of 8% at February 29, 1992). There was $30,000 outstanding under MFI's line of credit at February 29, 1992, which meant that MFI could borrow up to $270,000 to purchase feeder cattle for resale to customers. The line is secured by feeder cattle inventories and feeder cattle accounts receivables and is guaranteed by two officer/directors.

The Company had no material commitments for capital expenditures at February 29, 1992.

Management believes it has adequate financial resources to conduct operations at present and reasonably anticipated levels.

PART II - OTHER INFORMATION

Items 1 through 5 - None

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) Reports on Form 8-K

A Form 8-K was filed February 21, 1992, describing the proposed acquisition of Genetic Engineering, Inc. by Registrant

SIGNATURES

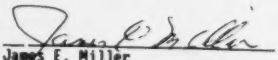
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MILLER DIVERSIFIED CORPORATION
(Registrant)

Date: April 10, 1992

Steven P. Gabel
President, Chief Executive Officer

Date: April 10, 1992



James E. Miller
Secretary-Treasurer, Chief Financial Officer